



TRADE DICTIONARY COMMONLY USED TRADING TERMS

Financial Instruments

LC : Letter of Credit - ICC UCP500 guidelines.

DLC :Documentary Letter of Credit - Issued and guaranteed by the bank for the full amount of the contract, each shipment paid separately.

RLC : Revolving Letter of Credit - Issued in the amount of each shipment at a time.

ARLC :Automatic Revolving Letter of Credit - Automatically reinstated and guaranteed successively in the amount of each shipment for a pre-set schedule, as decided between buyer and seller.

SLC :Standby Letter of Credit - Used to guarantee the execution of a contract by a buyer.

LG :Letter of Guarantee.

PBG :Prime Bank Guarantee, used to guarantee payment and contract execution from a prime bank.

ICPO :Irrevocable Corporate Purchase Order.

LOI :Letter of Intent.

S.W.I.F.T. :Society for Worldwide Interbank Financial Telecommunication.

KTT : Key Tested Telex - Secure way for banks to communicate to each other.

Shipping Terms

EXW :Ex works.

FOB :Free on Board.

FCA :Free Carrier.

C&F / CFR :Cost & Freight.

CIF : Cost Insurance & Freight.

DDU :Delivered Duty Unpaid.

ASWP :Any Safe World Port.



F.I./F.O. :Free in / Free out.

CQD :Custom Quick Dispatch

SHINC :Sundays and Holidays included.

SHEX :Sundays and Holidays excepted.

SSHEX :Saturdays, Sundays and Holidays excepted.

UU :Unless used.

EIU :Even if used.

SGS :Society General de Surveillance SA - International Commodity Inspection Agency.

INCOTERMS 1990

INCOTERMS is based on ICC Publication No. 460 "INCOTERMS 1990" and entered into force on 1 July 1990.

EX WORKS

(... named place)

EXW

A L'USINE

(... lieu convenu)

FREE CARRIER

(... named place)

FCA

FRANCO TRANSPORTEUR

(... lieu convenu)

FREE ALONG SHIP

(... named port of shipment)

FAS

FRANCO LE LONG DU NAVIRE

(... port d'embarquement convenu)

FREE ON BOARD

(... named port of shipment)

FOB

FRANCO BORD

(... port d'embarquement convenu)

COST AND FREIGHT

(... named port of destination)



CFR
COUT ET FRET
(... port de destination convenu)

COST INSURANCE AND FREIGHT
(... named port of destination)

CIF
COUT ASSURANCE ET FRET
(... port de destination convenu)

CARRIAGE PAID TO
(... named place of destination)

CPT
PORT PAYE JUSQU'A
(... lieu de destination convenu)

CARRIAGE AND INSURANCE PAID TO
(... named place of destination)
CIP
PORT PAYE, ASSURANCE COMPRISE, JUSQU'A
(... point de destination convenu)

DELIVERED AT FRONTIER
(... named place)
DAF
RENDU FRONTIERE
(... lieu convenu)

DELIVERED EX SHIP
(... named port of destination)
DES
RENDU EX SHIP
(... port de destination convenu)

DELIVERED EX QUAY (DUTY PAID)
(... named port of destination)
DEQ
RENDU A QUAI (DROITS ACQUITTES)
(... port de destination convenu)

DELIVERED DUTY UNPAID
(... named place of destination)
DDU
RENDU DROITS NON ACQUITTES
(... lieu de destination convenu)



DELIVERED DUTY PAID
(... named place of destination)
DDP
RENDU DROITS ACQUITTES
(... lieu de destination convenu)

RESPONSIBILITY AND TERMINOLOGY

EXW
EX WORKS

means that the seller fulfills his obligation to deliver when he has made the goods available at his premises (i.e. works, factory, warehouse, etc.) to the buyer. In particular, he is not responsible for loading the goods on the vehicle provided by the buyer or for clearing the goods for export, unless otherwise agreed. The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination.

This term thus represents the minimum obligation for the seller. This term should not be used when the buyer cannot carry out directly or indirectly the export formalities. In such circumstances, the FCA term should be used.

FCA
FREE CARRIER

means that the seller fulfills his obligation to deliver when he has handed over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, the seller may choose within the place or range stipulated

where the carrier shall take the goods into his charge. When according to commercial practice, the seller's assistance is required in making the contract with the carrier (such as in rail or in air transport) the seller may act at the buyer's risk and expense.

This term may be used for any mode of transport, including multi-modal transport.

FAS
FREE ALONGSIDE SHIP

means that the seller fulfills his obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. This means that the buyer has to bear all costs and risks of loss or damage to the goods for export. It should not be used when the buyer cannot carry out directly or indirectly the export formalities. This term can only be used for sea or inland waterway transport.

FOB
FREE ON BOARD

means that the seller fulfills his obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can only be used for sea or inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on/roll-off or container traffic, the FCA term is more appropriate to use.



CFR

COST AND FREIGHT

means that the seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risk of loss of or damage to the goods as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment. The CFR term requires the seller to clear the goods for export. This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on/roll-off or container traffic, the CPT term more appropriate to use.

CIF

COST, INSURANCE AND FREIGHT

means that the seller has same obligations under CFR, but with the addition that the he has to procure marine insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contacts for insurance and pays the insurance premium. The buyer should note that under CIF term the seller is only required to obtain insurance on minimum coverage. The CIF term requires the seller to clear the goods for export. This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purposes such as in case of roll-on/ roll-off or container traffic, the CIP term is more appropriate to use.

CPT

CARRIAGE PAID TO

means that the seller pays the freight for the carriage of the goods to the named destination. The risk of loss of or damage to the goods, have as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer

when the goods have been delivered into the custody of the carrier. The CPT term requires the seller to clear the goods for export. This term may be used for any mode of transport including multi-modal transport.

CIP

CARRIAGE AND INSURANCE PAID TO

means that the seller has the same obligation as under CPT but with the addition that the seller has to procure cargo insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The buyer should

note that under the CIP term the seller is only required to obtain insurance to cover the minimum coverage. The CIP term requires the seller to clear the goods for export. This term may be used for any mode of transport including multi-modal transport.



DEQ

DELIVERED EX QUAY (DUTY PAID)

means that the seller fulfills his obligation to deliver when he has made the goods available to the buyer on the quay (wharf) at the named port of destination, cleared for importation. The seller has to bear all risk's and costs including, duties, taxes and other charges of delivering the goods thereto. This term should not be used if the seller is unable directly or indirectly to obtain the import license. If the parties wish the the buyer to clear the goods for importation and pay the duty the words "duty unpaid" should be used instead of "duty paid". If the parties wish to exclude from seller's obligations some of the costs payable upon importation of the goods (such as value added tax [VAT], this should be made clear by adding words to this effect:"Delivered Ex quay, VAT unpaid (...named port of destination)". This term can only be used for sea or inland waterway transport.

DDU

DELIVERED DUTY UNPAID.

means that the seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation) as well as the costs and risks of carrying out customs formalities. The buyer has to pay any additional costs and to bear any risks caused by his failure to clear the goods for import in time. If the parties wish the seller to carry out customs formalities and bear the costs and risks resulting therefrom, this has to be made clear by adding words to this effect. If the parties wish to include in the seller's obligations some of the costs payable upon importation of the goods (such as value added tax [VAT]), this should be made clear by adding words to this effect:"Delivered duty unpaid, VAT paid (...naming place of destination)'. This term may be used irrespective of the mode of transport.

DAF

DELIVERED AT FRONTIER

means that the seller fulfills his obligation to deliver when the goods have been made available, cleared for export, at the named point and place at the frontier, but before the customs boarder of the adjoining country. The term "frontier" may be used for any frontier including that of the country of export. Therefor, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term. The term is primarily intended to be used when the goods are to be carried by rail or road, but it may be used for any mode of transport.

DES

DELIVERED EX SHIP

means that the seller fulfills his obligation to deliver when the goods have been made available to the buyer on board the ship uncleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination. This term can only be used for sea or inland waterway transport.